

APPENDIX C

CONTRACTOR SURVEY RESULTS

The first liability market survey was directed toward the contractor marketplace. With help from various insurance associations, the survey was disseminated to their respective memberships. An 11% response rate was achieved.

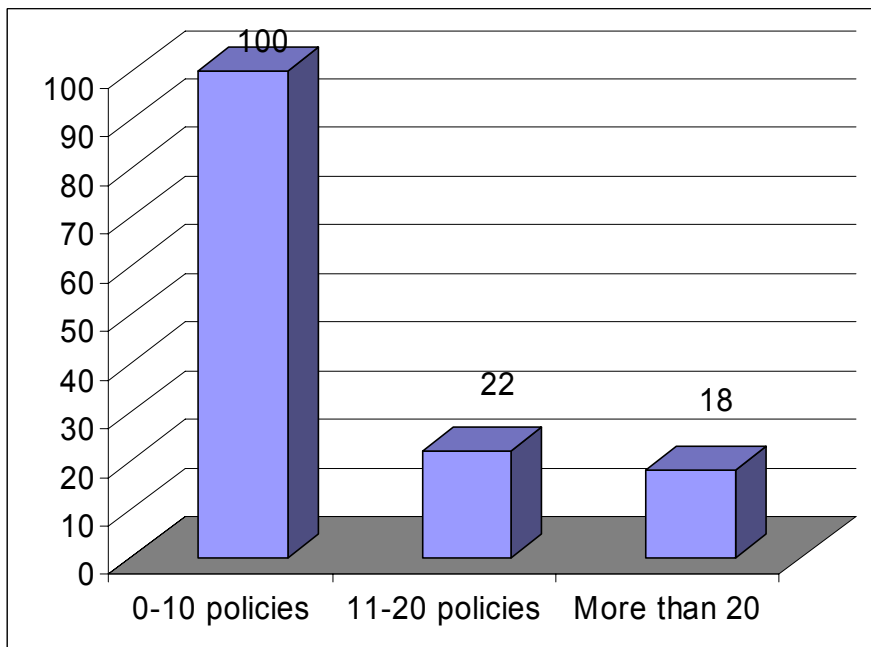
Respondent Tabulation

140 agencies responded to the survey. This could represent one or a dozen or more agents depending on the size of the agency. The respondents came from the memberships of the IIABW, PIA, IBAW, 12 MGAs and 16 producers. The survey was disseminated on 6/25/04.

Section 1: Agent's book of business as it relates to contractor liability policies

1. Approximate # of contractor liability policies written in the Admitted market in the past three months?

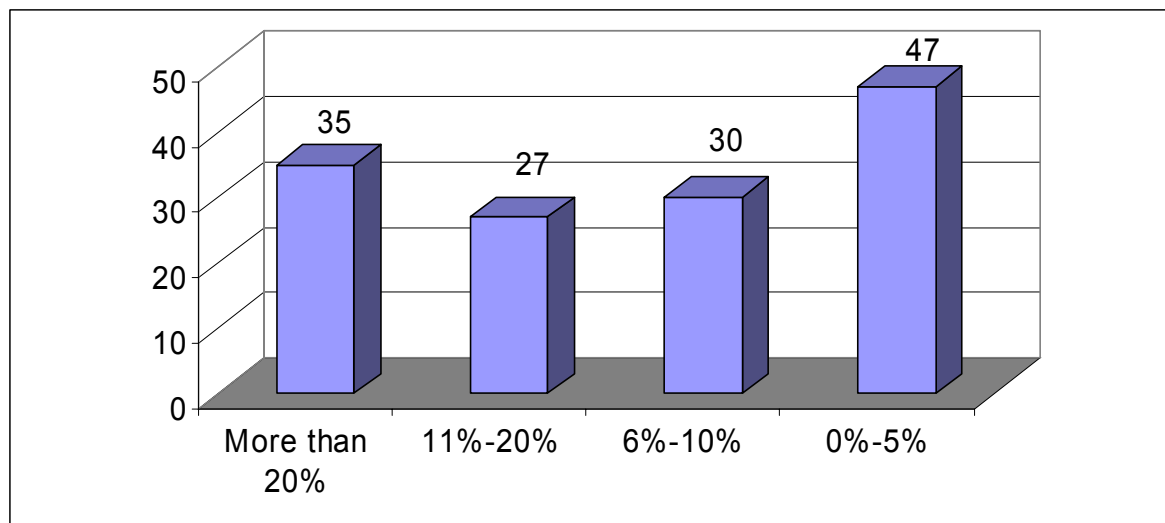
% of Responses	Responses	Number of Policies
71.4%	100	0 - 10 policies
15.7%	22	11 - 20 policies
12.8%	18	More than 20 policies



2. Approximate % of agent's entire book of business this market represents?

This question asked each agency to identify what percentage of the total policies written in the last three months for contractors constituted their entire book of business.

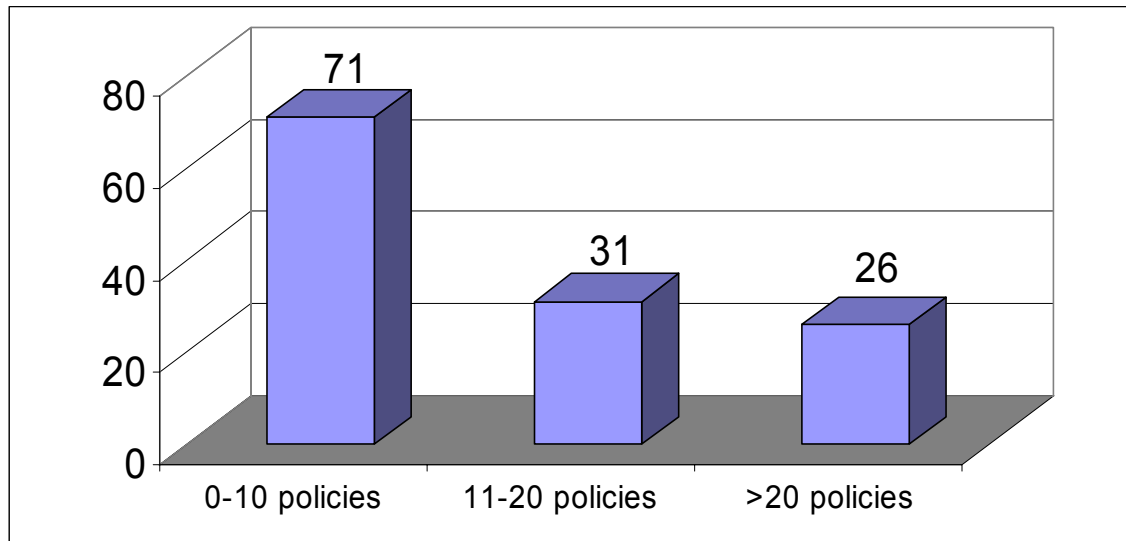
Total Responses	% of Total Book of Business
47	0% - 5%
30	6% - 10%
27	11% - 20%
35	More than 20%



This question asked the agent to calculate from question number one the percentage of the agency's entire book of business that represents coverage placed in the admitted market. As the data indicates, 25% of all of the agents participating in the survey have more than 20% of their book of business insuring contractors.

3. Approximate number of contractor liability policies written in the SURPLUS LINE market in the past THREE MONTHS?

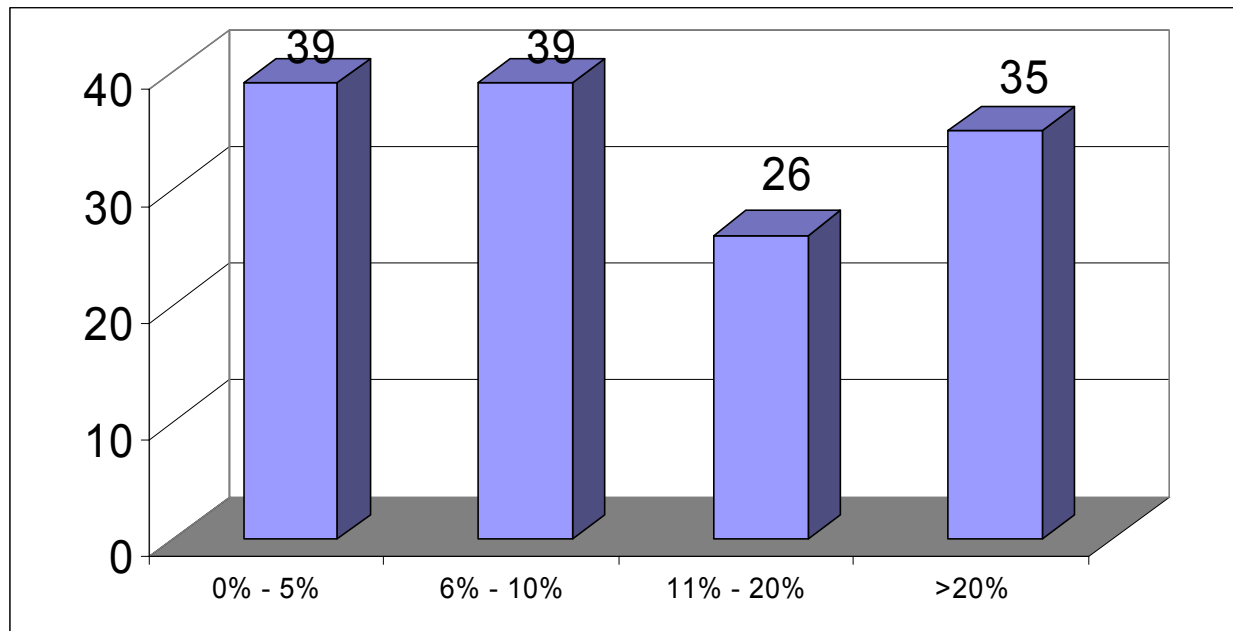
Total Responses	Number of Policies
71	0 - 10 policies
31	11 - 20 policies
26	> 20 policies



This question is similar to question one but asks the agent to identify the number of policies that were written in the unauthorized or Surplus Line Market. As the data indicates, 18% of the agents wrote more than 20 policies in the Surplus market.

4. Approximate % of agent's entire book of business this market represents?

Total Responses	% of Book of Business
39	0% - 5%
39	6% - 10%
26	11% - 20%
35	>20%

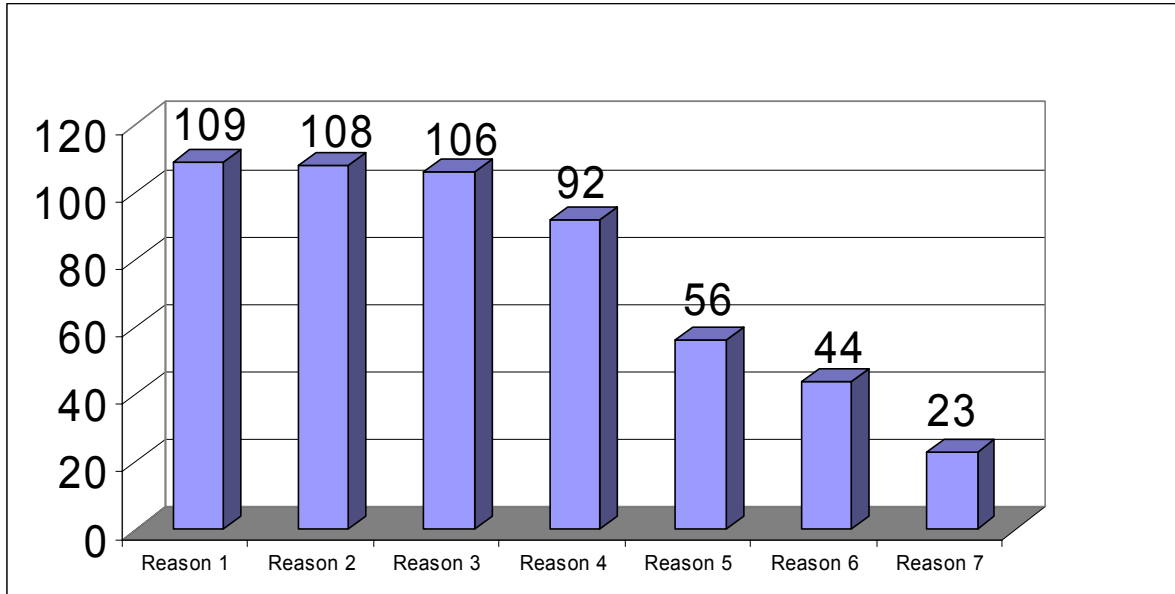


Question number 4 asks the agency to identify what percentage of the entire book of business represents contractor policies written in the Surplus Line Market. The data shows that 25% of the agents have written more than 20% of their book of business for contractors in the Surplus Line Market.

Section - 2: Market Accessibility

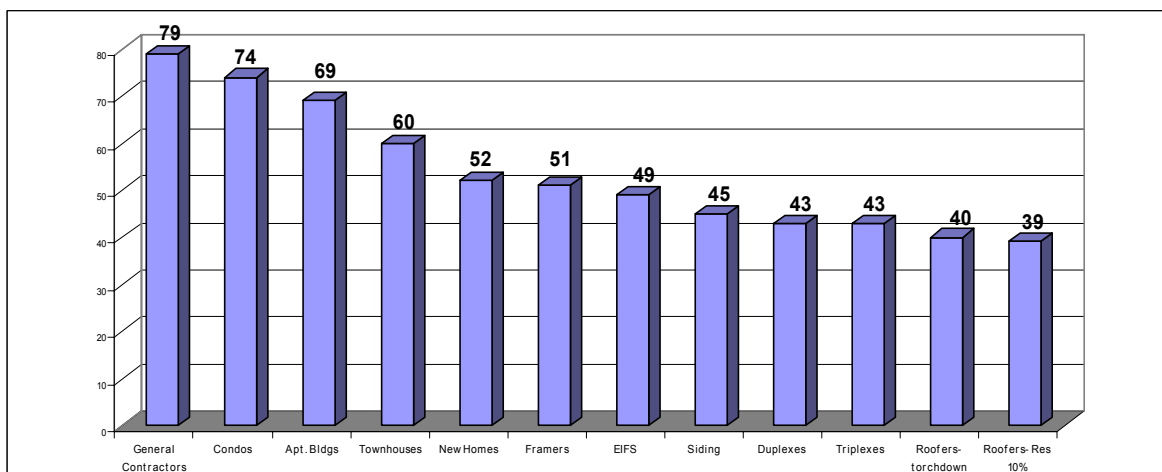
5. Top seven reasons for being unable to place coverage.

This question lists the top seven reasons why insurance agents often cannot place coverage for a contractor or specialized artisan. The respondent can choose none, one or all of the reasons, if they apply to that agent's experience. The pie chart below shows a breakout of the responses for each reason listed.



6. Identification of construction trades where coverage could not be placed.

This question identified most but not all of the major trade categories. The respondent could choose none, some or all of the listed categories where they had difficulty placing coverage for the trade(s) indicated. Please note that the chart stops at Roofers.



Section - 3: Major Markets

7. Admitted companies agents and brokers have used to place liability coverage for contractors. The list that follows consolidates all of the companies reported.

Admitted (authorized) insurance companies

An admitted (authorized) company is an insurer authorized and licensed by the Office of the Insurance Commissioner (OIC) to do business in the state.

AIG (New Hampshire Insurance Company)
Allied Property and Casualty Insurance Company
American States Insurance Company
Contractors Bonding & Insurance Company (CBIC)
CNA (American Casualty Company, Transportation Ins. Co
Continental Western Insurance Company
Executive Risk Indemnity Inc.
Farmers Insurance Group (Farmers Insurance Exchange,
Truck Insurance Exchange, Mid-Century Insurance Company)
Federated Insurance Company
Granite State Insurance Company
Hartford Casualty Company
Mutual of Enumclaw Insurance Company
North Pacific Insurance Company
Ohio Casualty Insurance Company
Oregon Mutual Insurance Company
SAFECO (First National Insurance Company, American States Insurance Company,
General Insurance Company, American Economy Insurance Company)
St.Paul/Travelers
Umialik Insurance Company
Unitrin Auto and Home Insurance Company
Westchester Fire Insurance Company
Western National Assurance Company
Zurich American Insurance Company

8. Surplus lines companies agents and brokers have used to place liability coverage for contractors. The list that follows consolidates all of the companies reported.

Surplus Lines Companies

A surplus line company is an insurance company that is not authorized by the Insurance Commissioner to solicit or transact insurance business in the state – except through a licensed surplus lines broker. When a business cannot obtain insurance through an admitted insurance company, coverage may be found with a surplus lines insurance company. Businesses unable to find coverage in the admitted market should ask their insurance agent or broker to contact a surplus line broker for assistance. When a listing includes a brokerage firm, inquiries regarding coverage should be directed to the brokerage firm.

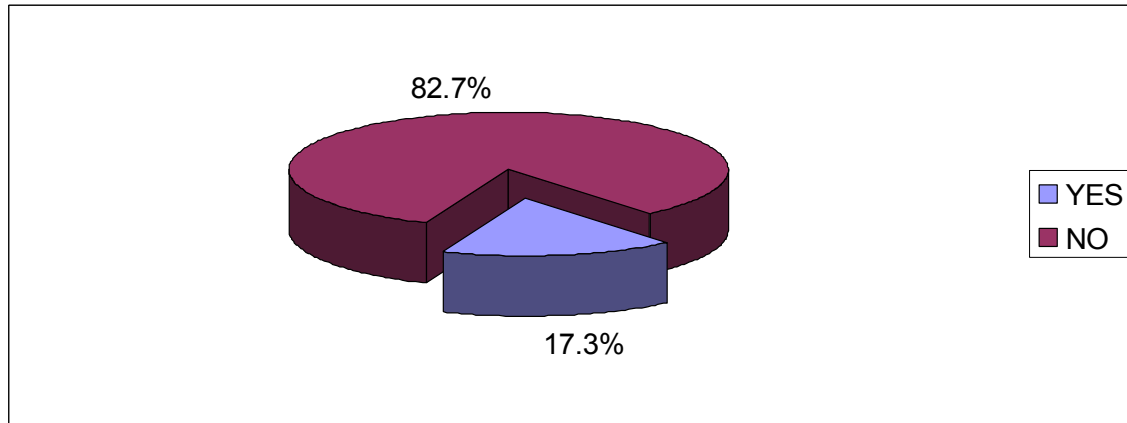
This list does not guarantee price and coverage for some classes may still be difficult to find.

Admiral Insurance Company
Alea Insurance Company (Contact: Griffin Underwriters
American International Surplus Lines Insurance Company
Arch Specialty Insurance Company
Atlantic Casualty Insurance Company (Contact: Anchor Bay Insurance Managers, Inc.,
Burlington Insurance Company
Canal Insurance Company
Capitol Indemnity Company
Capitol Insurance Company
Capitol Specialty Insurance Company
Century Insurance Company
Clarendon America Insurance Company
Colony Insurance Company
Everest Indemnity Company
First Mercury Insurance Company
First Specialty Insurance Company
Gemini Insurance Company
Interstate Fire & Indemnity Company
James River Insurance Company
Landmark Insurance Company
Lexington Insurance Company
Maxum Indemnity Company
Mount Vernon Fire Insurance Company
Mt. Hawley Insurance Company
National Fire & Marine Insurance Company
National Indemnity Company
Nautilus Insurance Company
North American Capacity Insurance Company
North American Specialty Insurance Company (with HB Warranty)
Northfield Insurance Company
Northland Casualty Company
Penn-Star Insurance Company
Rainier Insurance Company
Scottsdale Insurance Company
Steadfast Insurance Company
St. Paul Surplus Lines Insurance Company
St. Paul Fire & Marine Insurance Company
Underwriters at Lloyds, London
USF Insurance Company
United States Liability Insurance Company
Western Heritage Insurance Company (Contact: Cochrane & Co.)
Griffin Underwriters
Western World Insurance Company

9. Are you seeing more AVAILABILITY in the market for construction liability coverage?

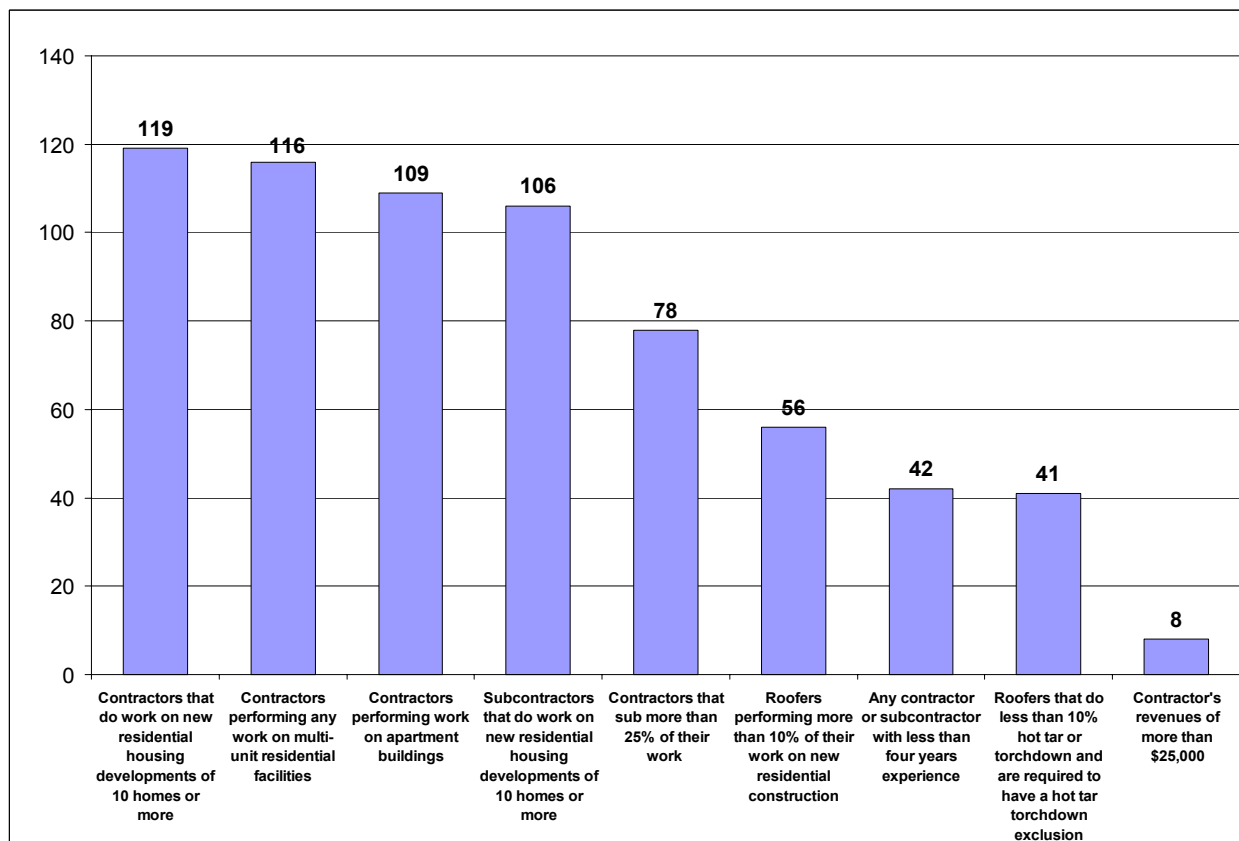
82.7% 105 No

17.3% 22 Yes

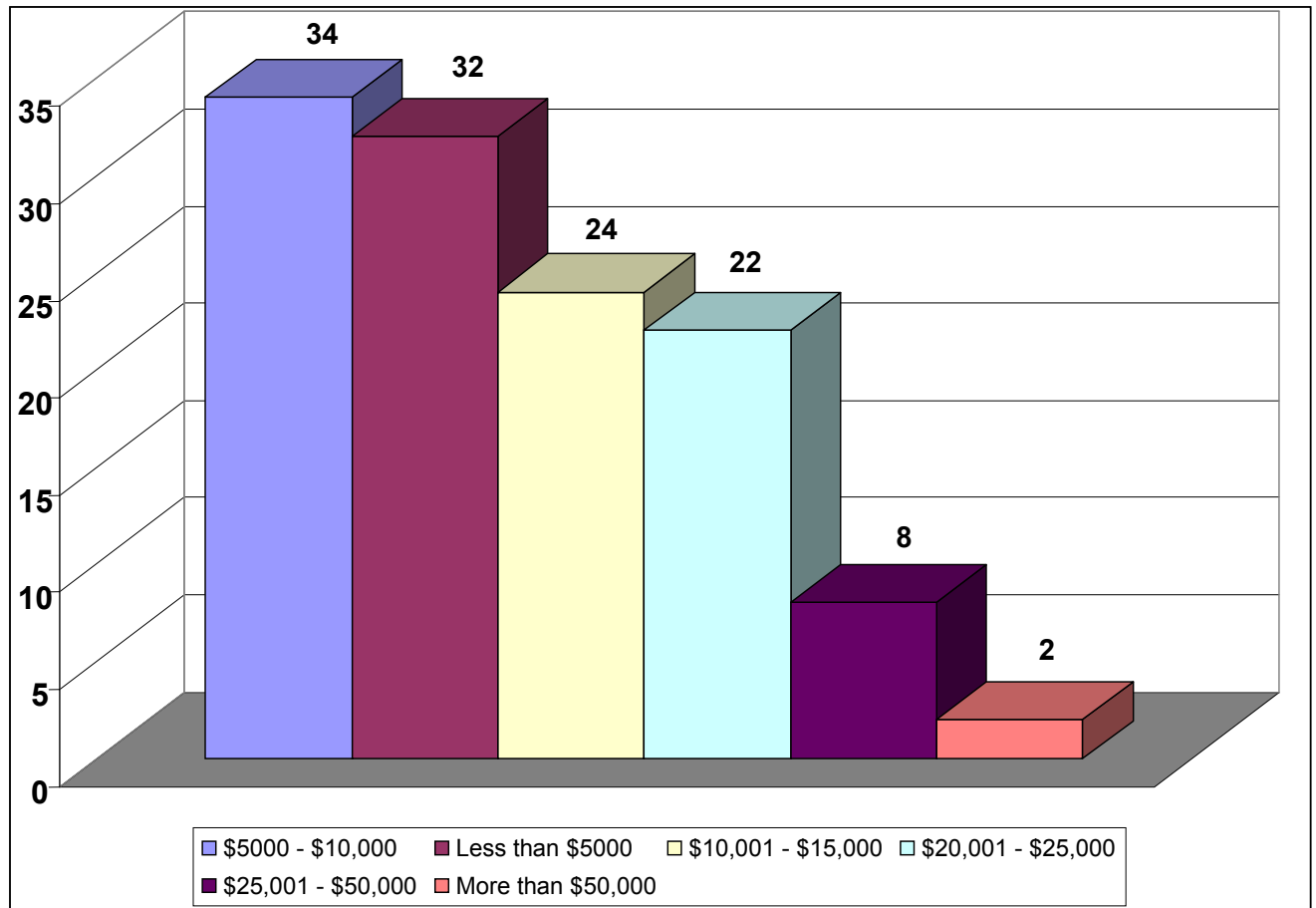


Section - 4: Restrictions, exclusions, conditions and limitations.

10. Have you seen any of the following restrictions, exclusions, conditions and limitations that would exclude or limit coverage? (Check all that apply)

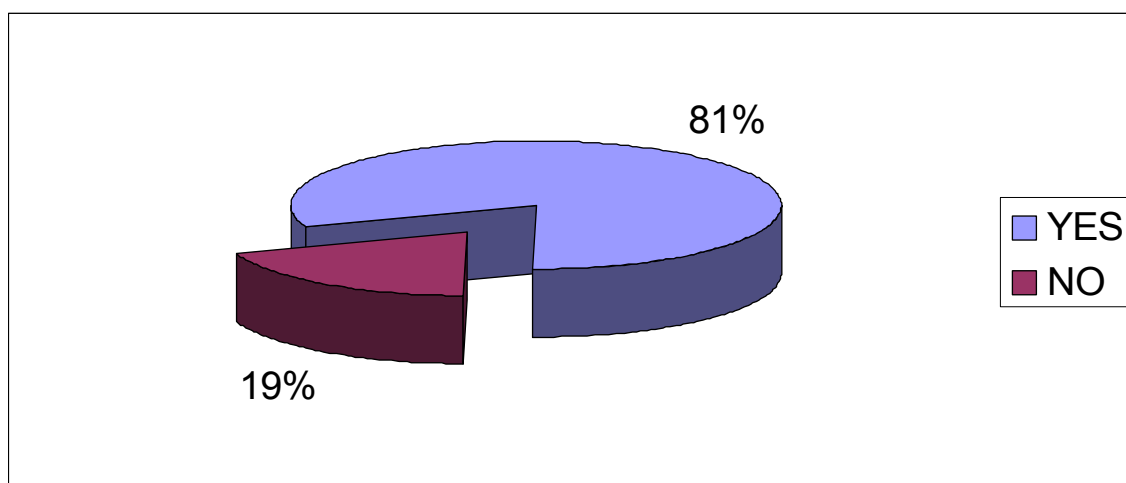


11. Please indicate the most frequent minimum premium charged on policies you have placed for contractors.



12. Have you seen “coverage shortfalls” from last year to this renewal period where policy exclusions, restrictions, conditions, limitations and minimum premiums have hardened?

81.0%	102	Yes
19.0%	24	No



13. Have you seen “coverage upgrades from last year to this renewal period where policy exclusions, restrictions, conditions, limitations and minimum premiums have softened?”

